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I

106TH CONGRESS
2D SESSION

H. R. 3527

To amend title XXVII of the Public Health Service Act to limit the amount of any increase in the payments required by health insurance issuers for health insurance coverage provided to individuals who are guaranteed an offer of enrollment under individual health insurance coverage relative to other individuals who purchase health insurance coverage.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 24, 2000

Mr. PALLONE introduced the following bill; which was referred to the Committee on Commerce

A BILL

To amend title XXVII of the Public Health Service Act to limit the amount of any increase in the payments required by health insurance issuers for health insurance coverage provided to individuals who are guaranteed an offer of enrollment under individual health insurance coverage relative to other individuals who purchase health insurance coverage.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the "Affordable Health In-
5 surance Act of 2000".

1 SEC. 2. AMENDMENTS TO THE PUBLIC HEALTH SERVICE
2 ACT.

3 (a) PREMIUM LIMITATIONS WITH RESPECT TO INDIVIDUAL
4 COVERAGE.—Section 2741 of the Public Health
5 Service Act (42 U.S.C. 300gg-41) is amended—

6 (1) by redesignating the second subsection (e)
7 and subsection (f) as subsections (f) and (g), respectively; and
8

9 (2) by adding at the end thereof the following
10 new subsection:

11 “(h) PREMIUM LIMITATIONS.—

12 “(1) IN GENERAL.—With respect to an eligible
13 individual desiring to enroll in, or renew, individual
14 health insurance coverage under this section, the
15 health insurance issuer that offers such coverage
16 shall not charge such individual a premium rate for
17 such coverage that is higher than a rate equal to
18 150 percent of the average standard risk rate (as
19 determined under paragraph (2)) of the issuer for
20 individual health insurance offered in the State or
21 applicable marketing or service area (as determined
22 pursuant to regulations).

23 “(2) AVERAGE STANDARD RISK RATE.—As used
24 in paragraph (1), the term ‘average standard risk
25 rate’ means the following:

“(A) GUARANTEED ISSUE OF ALL POLICIES.—In the case of a health insurance issuer that meets the requirements of this section with respect to individual health insurance coverage by meeting the requirements of subsection (a)(1), the standard risk rate for the policy in which the eligible individual is enrolled or desires to enroll.

“(B) GUARANTEED ISSUE OF TWO MOST POPULAR POLICIES.—In the case of a health insurance issuer that meets the requirements of this section with respect to individual health insurance coverage through a mechanism described in subsection (c)(2), the standard risk rate for the policy in which the eligible individual is enrolled or desires to enroll.

“(C) GUARANTEED ISSUE OF TWO POLICY FORMS WITH REPRESENTATIVE COVERAGE.—In the case of a health insurance issuer that meets the requirements of this section with respect to individual health insurance coverage through a mechanism described in subsection (c)(3), the average of the standard risk rates for the most common policy forms offered by the issuer in the State or applicable marketing or service

1 area (as determined pursuant to regulations),
2 established using reasonable actuarial tech-
3 niques to adjust for the difference in actuarial
4 values among such policy forms, subject to re-
5 view and approval or disapproval of the applica-
6 ble regulatory authority.

7 (b) STATE FLEXIBILITY.—Section 2744(c) of the
8 Public Health Service Act (42 U.S.C. 300gg-44(c)) is
9 amended—

10 (1) in paragraph (1), by inserting before the pe-
11 riod the following: “, except that in applying any
12 such model act, an eligible individual shall not be
13 charged a premium rate that is higher than a rate
14 equal to 150 percent of the standard risk rate of the
15 issuer”;

16 (2) in paragraph (2)(B), by inserting before the
17 period the following: “, except that an eligible indi-
18 vidual shall not be charged a premium rate that is
19 higher than a rate equal to 150 percent of the
20 standard risk rate as determined under the Model
21 Plan”; and

22 (3) by adding at the end the following:

23 “(4) LIMITATION.—

24 “(A) IN GENERAL.—In the case of a mech-
25 anism described in subparagraph (A) or (B) of

paragraph (3), a State shall not be considered to be implementing an acceptable alternative mechanism unless the mechanism limits the amount of premium rates that may be charged to eligible individuals to not more than 150 per cent of the standard risk rate.

“(B) STANDARD RISK RATE.—For purposes of subparagraph (A), the term ‘standard risk rate’ means—

“(i) in the case of a mechanism under paragraph (3)(A), and as determined by the Secretary to be appropriate with respect to the State mechanism involved—

“(I) the rate determined under section 2741(h)(2)(A);

“(II) the rate determined pursuant to the standards included in the Model Plan described in paragraph (2)(B); or

“(III) the rate determined pursuant to such other method of calculation as determined by the State and approved by the Secretary as appropriate to achieve the goal of this subsection; and



1 “(ii) in the case of a mechanism
2 under paragraph (3)(B), the rate deter-
3 mined under section 2741(h)(2)(A).”.

4 **SEC. 3. EFFECTIVE DATE.**

5 The amendments made by—

6 (1) section 2(a) shall apply to health insurance
7 coverage offered, sold, issued, renewed, in effect, or
8 operated in the individual market on the date that
9 is 6 months after the date of enactment of this Act;
10 and

11 (2) section 2(b) shall apply with respect to a
12 State that adopted an alternative mechanism under
13 section 2744 of the Public Health Service at (42
14 U.S.C. 300gg-44) on the date that is 1 year after
15 the date of enactment of this Act.

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